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BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Paper No. 11

Application Number: 09/690,512
Filing Date: October 17, 2000
Appellent(s): HANNAH ET AL.

Timothy N. Trop
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed October 23, 2003.

(1) Real Party in Interest

A statement identifying the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

A statement identifying the related appeals and interferences which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief.

(3) Status of Claims

The statement of the status of the claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Invention

The summary of invention contained in the brief is correct.

(6) Issues

The appellant's statement of the issues in the brief is substantially correct. The changes are as follows:

indefinite issues raised under section 112 of the patent statute are moot;

obviousness issues raised are moot;

anticipatory issues are moot-in-part; and

double patenting rejection issues raised are moot.

Each of the issues pending appeal will be discussed below under the separate heading titled (11) Response to Arguments.

(7) Grouping of Claims

The rejection of claims 1-7, 9, 11-17, 19, and 21-30 stand or fall together because appellant's brief does not include a statement that this grouping of claims does not stand or fall together and reasons in support thereof. See 37 CFR 1.192(c)(7).

(8) Claims Appealed

The copy of the appealed claims contained in the Appendix to the brief is correct.

(9) Prior Art of Record

5,347,632	Fillep	9/1994
5,557,721	Fite	9/1996
5,717,860	Graber	10/1996
5,948,061	Merriman	9/1999

(10) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC 101

Claims 1-7, 9, 27, 29, and 30 are rejected under 35 U.S.C. 101 because the claimed method does not recite a useful, concrete and tangible result under *In re Alappat*, 31 USPQ2d 1545 (Fed. Cir. 1994) and *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 47 USPQ2d 1596 (Fed Cir. 1998) such that the claimed invention is within the technological arts under *In re Waldbaum* 173 USPQ 430 (CCPA

1972) wherein the phrase "technological arts" is synonymous with "useful arts" as it appears in Article I, Section 8 of the United States Constitution. In these claims, it is considered that a tangible result is not recited. Specifically, the recitation of monitoring a watermark, accruing a credit, and associating an indication or controlling operation are considered not to produce a tangible result because the examiner determined there is simply an abstract construct claimed, such as a disembodied data structure and method of making it. It is considered that the claimed invention involves no more than a manipulating of an abstract idea and therefore, is non-statutory under 35 U.S.C. 101. Please *In re Wamerdam*, 33 F.3d 1354; 31 USPQ2d 1754 (Fed. Cir. 1994) for examination analysis in determining tangible criteria set for in the useful, concrete, and tangible result standard on non-statutory subject matter patentability. Because the independently claimed invention does not recite a useful, concrete, and tangible result, such that it is considered not within technological arts so that it uses technology in a non-trivial matter. Finally under *Ex parte* Bowman, 61 USPQ2d 1665 (Bd. Pat. App. & Inter. 2001) (unpublished but cited for analysis rather than precedent), an invention disclosed and claimed directed to a human merely making mental computations and manually plotting results on a paper chart is nothing more than an abstract idea which is not tied to any technological art and is not a useful art as contemplated by the United States Constitution. In these independently claimed inventions, the steps of monitoring a watermark, accruing a credit, and associating an indication or controlling operation are considered nothing more than an abstract idea since it is not tied to any technological art. Since each of the independent claims are considered reciting non-statutory subject

matter, then each of the depending claims are also considered non-statutory recitations since all depend upon a rejected non-statutory. However in order to consider those claims in light of the prior art, examiner will assume that those claims recite statutorily permitted subject matter.

Claim Rejections - 35 USC § 102

Claims 1-7, 9, 11-17, 19, 27 and 28 are rejected under 35 U.S.C. 102(b) as being clearly anticipated by Filepp et al. (US 5,347,642).

Claims 21-26 are rejected under 35 U.S.C. 102(b) as being clearly anticipated by Fite et al. (US 5,557,721).

Claim 29 is rejected under 35 U.S.C. 102(b) as being clearly anticipated by Graber et al. (US 5,717,860).

Claim 30 is rejected under 35 U.S.C. 102(b) as being clearly anticipated by Merriman et al. (US 5,948,061).

(11) Response to Argument

A. Are the claims unpatentable under 35 U.S.C. 101?

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing

for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences

(BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson,* 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

> The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.,* the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement

issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, State Street never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

Applicants argue that non-statutory subject matter statutory rejection recites no requirement that that the claimed invention be performed with interaction of a physical structure. It is further argued that the recited watermark should be given a narrower meaning than its claim recitation, particularly that is an industry recognized embedded bit pattern based on a computer encyclopaedia. Under current Office practice patentable subject matter must recite language that includes a useful, concrete, and tangible result within the technological arts. Current Office practice also permits claims to be interpreted within a broadest reasonable interpretation consistent with the specification but it is not proper to read limitations appearing in the specification into the

claim when these limitations are not recited in the claim. Please see MPEP 2111. In this case, the claimed invention is considered not to include language, which recites a useful, concrete, and tangible result within the technological arts because monitoring a watermark, accruing a credit, and associating an indication or controlling operation is not limited to an invention that can be performed without mechanical intervention or structural interaction. Also in this case, broad interpretation of a watermark includes any identifying feature, which characterizes an advertisement, such as a faint signal that is embedded in advertising content, that is unstrippable and may not be degraded without degrading the desired content to an unacceptable extent and are traditionally used to prevent or reveal theft of proprietary material (please see the specification last paragraph beginning on page 4). Examiner broadly interprets the claimed watermark to include a "scratch-off" type coupon, used in fast food restaurant promotions since that interpretation is consistent with current Office practice with respect to broadest reasonable interpretation.

B. Are the claims indefinite under 35 U.S.C. 112 first paragraph?

C. Are the claims indefinite under 35 U.S.C. 112 second paragraph?

These issues are moot. Examiner has withdrawn the section 112 rejections.

D. Is claim 1 anticipated by any one of a variety of references?

E. Is claim 21 anticipated by any one of a variety of references?

I. Is claim 5 anticipated by the prior art?

J. Is claim 6 anticipated by the prior art?

K. Is claim 7 anticipated by the prior art?

L. Is claim 8 anticipated by the prior art?

I. Is claim 9 anticipated by the prior art?

Applicants argue that a narrower interpretation should be given to the claimed watermark and that the references do not mention advertisements. It is considered that each reference used in rejection the claimed invention is a prima facie clearly anticipation of the claimed invention.

Claims 1-7, 9, 11-17, 19, 27 and 28 are considered being clearly anticipated by Filepp. Filepp discloses a method comprising:

monitoring or monitor a watermark included with an advertisement (please see last abstract sentence in which user characteristics anticipates the claimed watermark);

accruing or accrue a credit after determining that the advertisement was played (please see the abstract in which the disclosed "generate and display" feature accrues a credit for system transmission of advertisements such that the advertisement transmission entity receives advertiser credit for displaying an advertisement which is further discussed and implicitly disclosed at column 9); and

associating or associate an indication that an advertisement was played with an identifier for a particular user (please see the abstract disclosure "specific advertisements based on individual usage characteristics and predetermined interests" implies that the claimed association of specific advertisements are identified for a particular user; but please further see the patented specification discussion beginning at column 84 line 23 in which an advertisement object is fetched from an advertisement manager by encountering an object identification, this disclosed object is considered equivalent to the claimed indication, and please also see the disclosure beginning at column 85 line 9 and continuing through column 88 line 67, wherein the disclosed current objects or advertisements are requested from a personal computer reception system or RS and a determination is made whether the requested object is stale, thereby determining if an advertisement was played by a particular user, then replaces an object or advertisement with a current object or advertisement from the delivery system, simply stated this claimed feature is considered equivalent activating a link from a web site from a personal computer and the web site indicating that an advertisement was played for a particular user, but clears the stale advertisement or object for transmission of a current advertisement). Filepp also discloses the claimed content access (reference character 461 of front page drawing), successful advertisement play reward accrual (implied in the abstract because advertising is well known to be rewarding for a user, advertiser, and/or advertisement carrier because the primary purpose of advertising is to increase interest in a product or server by providing a reward incentive accrued to a user and advertiser, while also accruing product or

service interest for the advertisee), predetermined advertisement speed (implied in the front page drawing because advertising must occur over a predetermined time at a given speed and further discussed in the patented specification beginning at column 5 line 50), recorded watermark advertisement (implied at reference character 441 because the disclosed data collection manager records the claimed advertisement information, which is considered equivalent to the claimed watermark, as discussed beginning in the patented specification at column 83 line 21), advertisement play intended time (please see the last sentence of the abstract and further discussed in the patented specification beginning at column 5 line 50), media player operation control (reference character 434 as discussed beginning in the patented specification at column 83 line 21), and watermark based advertisement play (implied from the abstract because advertising is intended to be determined if played in order to benefit an advertiser, advertisee, and/or advertised being and further discussed beginning at column 9 line 35 of the patented specification).

Claims 21-26 are rejected under 35 U.S.C. 102(b) as being clearly anticipated by Fite. Fite discloses a system comprising:

a processor based device (it is considered the prima facie figure showing a distributed processing system **100** clearly anticipates the claimed processor based device because a distributed processing system is a processor based device);

a media player coupled to said processor based device (it is considered the prima facie figure showing a host system **110**, which includes a display **150** and display

controller **130**, clearly anticipates the claimed media player coupled to said processor based device because a host system with display and control features is a media player coupled to said processor based device);

a watermark detector coupled to said media player, said watermark detector to detect a watermark included with an advertisement and to control operation of said media player in response to detection of the watermark (please see the last sentence of the abstract in which the claimed watermark detection operation control is considered clearly anticipated by the disclosed remote system which performs the claimed watermark detection by keeping statistics of advertisement display and which performs the claimed operation control by relaying statistics to a host system). Fite further discloses the claimed credit accrual storage coupled device (**140** is a memory which clearly anticipates the claimed storage accrual credit because memory is storage of credit accrual), allow content access enablement (**150** is display which clearly anticipates the claimed feature to allow content access enablement because the disclosed display enables content to be allowed for displaying content), reward accrual for advertisement play (the second sentence of the abstract discloses coupon printing which allows reward for display of an advertisement played on the system), predetermined speed play (the last sentence of the abstract discloses a number of times and periodic relay of coupon statistics which implies the claimed predetermined speed play because periodic counting a number of times is a predetermined speed play), and subsequent replay storage (again the last sentence of the abstract discloses a number of times and periodic relay of coupon statistics which implies the claimed

subsequent replay storage because statistic periodic counting a number of times is a subsequent replay storage).

Claim 29 is rejected under 35 U.S.C. 102(b) as being clearly anticipated by Graber. Graber discloses a method comprising:

monitoring a watermark included with an advertisement (please see the second sentence of the abstract and reference characters **122** sentence in which URL symbols anticipate the claimed watermark and co-marketer implies advertisement since advertisements occur through marketing endeavors);

accruing a credit after determining that the advertisement was played (please see the last sentence of the abstract in which the disclosed plurality of captured entries feature accrues a credit for system transmission of advertisements or marketing URL's such that the captured entries imply credit for play determination based on the discussion in column 5); and

associating an indication that an advertisement was played with an identifier for a particular user (please see the first sentence of the abstract disclosure reciting tracking a navigation path of a user which implies that the claimed association of web sites with a user is involves advertisement or URL play identification).

Claim 30 is rejected under 35 U.S.C. 102(b) as being clearly anticipated by Merriman. Merriman discloses an article comprising:

a medium storing instructions that, if executed, enable a processor based system to (apparatuses, as in the third word of the abstract, imply a medium storing instructions for potentially executing an enabling processor based system):

monitor a watermark included with an advertisement (the disclosed tracking advertisements in the penultimate sentence of the abstract, clearly anticipates the claimed advertisement watermark monitoring because the disclosed advertisements are implicitly watermarked, as claimed, in order to be monitored for tracking);

accrue a credit after determining that the advertisement was played (also in the penultimate sentence of the abstract, the disclosed statistic compilation clearly anticipates the claimed credit accrual advertisement play because that statistic compilation can be used for crediting or targeting advertisements to certain users); and

control operation of a media player in response to monitoring the watermark (in the last sentence of the abstract, the disclosed advertising server clearly anticipates the claimed media player operation control based on watermark monitoring response because the disclosed profile basis controls operation of a page displayed on a media player).

F. Is claim 1 obvious over examiner personal experience?

G. Is claim 21 obvious over examiner personal experience?

H. Are the claims subject to a double patenting rejection?

These issues are moot. Examiner has withdrawn these rejections.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

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January 15, 2004

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